

Message Text

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70

ACTION ARA-20

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FM AMEMBASSY KINGSTON

TO SECSTATE WASHDC 4481

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TAGS: PINT, EMIN, US, JA

SUBJECT: ALCOA REPLIES TO SHEARER'S STATEMENT ON BAUXITE
NEGOTIATIONS

REF: KINGSTON 1158

DAILY GLEANER CARRIED FRONT PAGE ARTICLE ON APRIL 10
HEADLINED "ALCOA BACKS JAMAICA ON NEW BAUXITE PACTS."
ARTICLE INCLUDES TEXT OF LETTER SENT BY M.F. WASHBURN,
ALCOA'S MANAGING DIRECTOR, IN REPLY TO THAT SENT TO ALL
THE BAUXITE COMPANIES BY OPPOSITION LEADER SHEARER (REFTEL).
AS QUOTED BY PRESS, FOLLOWING IS TEXT OF LETTER:

" I FULLY REALIZE THAT THE OPPOSITION AS WELL AS THE
REMAINDER OF THE COUNTRY ARE MOST ANXIOUS TO HEAR OF THE
PROGRESS OF THE PRESENT NEGOTIATIONS BETWEEN THE GOVERN-
MENT OF JAMAICA AND THE ALUMINA PRODUCERS AND THE POSTURES
TAKEN BY EACH OF THE PARTIES.

" FOR REASONS WHICH I AM CERTAIN YOU WILL APPRECIATE,
I CANNOT AT THIS TIME GIVE YOU ANY DETAILS OF THESE
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" ALCOA FULLY UNDERSTANDS THAT JAMAICA NOW NEEDS TO

RECEIVE AN INCREASED REVENUE FROM THE BAUXITE AND ALUMINA PRODUCED IN THIS COUNTRY, AND WE CAN ASSURE YOU THAT OUR COMPANY HAS BEEN READY TO RE-NEGOTIATE THE AMOUNT AND BASIS OF THE PAYMENT TO THE GOVERNMENT OF JAMAICA AS THE COMPANIES HAVE DONE IN THE PAST, WITHOUT PREJUDICE TO OUR RIGHTS UNDER THE PROVISIONS OF OUR CONTRACTS WITH THE GOVERNMENT

" OUR COMPANY HAS INVESTED VERY HEAVILY IN JAMAICA AND REGARDS ITSELF AS HAVING A MUTUAL INTERSST WITH JAMAICA IN THE EXTRACTION OF BAUXITE AND REFINING OF ALUMINA HERE, AND IN VIEW OF THAT COMMON INTEREST IS NATURALLY MOST ANXIOUS THATJAMAICA SHOULD RECEIVE WHAT- EVER HELP IS POSSIBLE AT THIS PARTICULARLY DIFFICULT TIME.

"YOU WILL, HOWEVER, I AM SURE REALIZE THAT THERE IS A LIMIT TO THE AMOUNT WHICH CAN BE PAID FOR THE RAW MATERIALS OF THE ALUMINUM INDUSTRY IF THAT METAL IS TO REMAIN COMPETITIVE IN THE WORLD MARKETS, WITH OTHER MATERIALS SUCH AS COPPER, STEEL, TIN AND PLASTICS. THEREFORE ANY UN-ECONOMICAL INCREASE IN THE COST OF RAW MATERIALS WOULD SERIOUSLY AFFECT THE GROWTH AND EVEN THE MAINTENANCE OF MARKETS FOR ALUMINUM

" MY COMPANY IS MOST HEARTENED TO RECEIVE YOUR CONFIRMATION THAT THE OPPOSITION HAS THE HIGHEST RESPECT FOR THE SANCTITY OF CONTRACTS VOLUNTARILY ENTERED INTO BY INDEPENDENT PARTIES, INCLUDING GOVERNMENTS, EVEN WHEN CIRCUMSTANCES MAKE PERFORMANCE DIFFICULT. I AM SURE THAT WE BOTH FULLY ACCEPT THE FACT THAT IF CONTRACTS ARE UNILATERALLY ABROGATED BY EITHER PARTY WHEN IT SUITS THAT PARTY'S PURPOSES IT SERIOUSLY AFFECTS CONFIDENCE IN ANY FUTURE CONTRACTUAL RELATIONSHIP

"THIS OF COURSE, DOES NOT PREVENT THE PARTIES FROM COMING TOGETHER IN A FAIR AND OPEN MANNER AND DISCUSSING AMENDMENTS THAT MIGHT BE APPROPRIATE TO CHANGED CIRCUMSTANCES, AND I FEEL CERTAIN THAT YOU WILL AGREE THAT MY COMPANY HAS ALWAYS BEEN READY TO SIT DOWN AND

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DISCUSS ANY REQUEST MADE BY THE JAMAICAN GOVERNMENT

"LET ME ASSURE YOU, SIR, THAT IT IS OUR FIRM INTENTION TO DO EVERYTHING THAT WE CAN TO BE A GOOD CORPORATE CITIZEN OF JAMAICA AND MAINTAIN A POSITION OF HELPING IN ANY WAY POSSIBLE THE ECONOMIC DEVELOPMENT OF JAMAICA." HEWITT

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